

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04
ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01
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R 211408Z JAN 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9724

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDEL MTN GENEVA

UNCLAS LONDON 01128

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR UK

SUBJECT: EMERGENCY PIG PRODUCER SUBSIDY ANNOUNCED IN UK

BEGIN SUMMARY: BECAUSE OF HIGH LEVEL OF MCA'S ON
IMPORTED PIGMEAT, UK PIG PRODUCERS ARE CURRENTLY IN
SEVERE FINANCIAL DIFFICULTIES. HMG ANNOUNCED JANUARY 20
AN EMERGENCY SUBSIDY PROGRAMME FOR UK PIGS TO BEGIN
JANUARY 31 WHICH WILL OPERATE AT LEAST UNTIL FURTHER
CHANGES IN CALCULATION METHOD OF MCA'S ON PIGMEAT CAN
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BE AGREED. END SUMMARY.

1. UK AGRICULTURE MINISTER JOHN SILKIN TOLD HOUSE OF
COMMONS JANUARY 20 THAT FROM JANUARY 31 AN EMERGENCY
SUBSIDY OF 50 PENCE PER SCORE (20 LBS.) OR ROUGHLY
EQUIVALENT TO 3.50 POUNDS PER PIG WILL COME INTO
OPERATION. THE SUBSIDY POSSIBLY CONTRAVENES ARTICLE 92

OF THE TREATY OF ROME GOVERNING STATE AIDS.

2. SUBSIDY HAS BEEN DECIDED UPON BECAUSE OF HIGH MCA PAYMENTS ON IMPORTED PIGMEAT, PARTICULARLY BACON ON WHICH MCA IS CURRENTLY 260 POUNDS PER TON. GOVERNMENT BELIEVES LONG TERM AIMS AT EXPANDING UK PIGMEAT PRODUCTION ARE THREATENED BECAUSE OF LOW RETURNS AND HIGH COSTS AT PRESENT BEING INCURRED BY UK PIG SECTOR. SOME PRODUCERS CLAIM TO BE LOSING AS MUCH AS 6 POUNDS PER PIG. THREAT TO FUTURE SUPPLIES IS EVIDENT BY FACT THAT IN 4 WEEKS TO JANUARY 1, SOW SLAUGHTER TOTALLED 29,800 COMPARED WITH 24,300 IN SAME 4 WEEKS A YEAR AGO.

3. UK ARGUES THAT PRESENT METHOD OF CALCULATING MCA'S ON PIGMEAT SHOULD BE RELATED TO PAYMENTS ON CEREALS. THIS WOULD REDUCE PIGMEAT MCA ON BACON, FOR EXAMPLE. TO ABOUT 120 POUNDS PER TON.

4. NATIONAL FARMERS' UNION HAS WELCOMED SUBSIDY INTRODUCTION AND CALLS FOR URGENT ACTION TO AMEND PRESENT MCA SYSTEM.

5. THIS SUBSIDY IS COMPARABLE TO THE SCHEME INTRODUCED APRIL 1, 1974 TO COMBAT A CRISIS OF CONFIDENCE BECAUSE OF RISING COSTS IN THE UK PIG INDUSTRY. THAT SUBSIDY WAS REDUCED PROGRESSIVELY IN FOLLOWING MONTHS AND TERMINATED NOVEMBER 4, 1974.

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Message Attributes

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